

<b>Enw'r Pwyllgor / Name of Committee</b>	Sustainable Resources Committee
<b>Cadeirydd y Pwyllgor/ Chair of Committee:</b>	Mr Winston Weir, Chair
<b>Cyfnod Adrodd/ Reporting Period:</b>	Meeting held on 23 <sup>rd</sup> August 2021
<b>Y Penderfyniadau a'r Materion a Ystyriodd y Pwyllgor / Key Decisions and Matters Considered by the Committee:</b>	
<p>The previous Finance Committee has been reconstituted as the Sustainable Resources Committee, as approved by the Board at its meeting on 29<sup>th</sup> July 2021, to advise the Board on all aspects of Finance and the revenue implications of investment decisions. The primary role of Hywel Dda University Health Board's (HDdUHB's) Sustainable Resources Committee is to provide assurance on financial performance and delivery against HDdUHB financial plans and objectives, and to receive assurance on progress against delivery of the Planning Objectives aligned to the Committee. With regard to financial control, the Committee provides early warning of potential financial performance issues and makes recommendations for action to improve the financial position of the organisation.</p> <p>This report summarises the work of the Sustainable Resources Committee at the meeting held on 23<sup>rd</sup> August 2021.</p> <ul style="list-style-type: none"> <li>• <b>Sustainable Resources Committee Terms of Reference</b> – the Committee received its new Terms of Reference following their approval at the July 2021 Board, which included the Health Board's Planning Objectives aligned to the Committee.</li> <li>• <b>Finance Committee Self-Assessment 2020/21: Analysis of Findings</b> – the Committee received the Finance Committee Self-Assessment 2020/21 – Analysis of Findings report, and received assurance that the recommendations identified would be considered in light of its new terms of reference and revised membership, and that a six month review of progress against the actions would be included within the Committee's annual work programme.</li> <li>• <b>Resource Allocation and Consumption: A County Perspective</b> – the Committee received the Resource Allocation and Consumption – A County Perspective report, which set out the conclusions reached from a population-based assessment of activities and cost of care. It was noted that each cost driver in the Health Board has been analysed, and the costs of care allocated to each of the three counties/localities, to derive resource consumption based on registered populations in each county. The report analysis reveals that Carmarthenshire drives much of the underlying deficit, however, on a per capita basis, Pembrokeshire appears to be driving more deficit and, based on activity levels, Ceredigion is more in line with the level of financial resources that are attributable to its population; further work will therefore be undertaken at a cluster level. The Committee was advised of discussions taking place with County Leads to align this high level information with their operational knowledge to inform the next stages of development, which would help align</li> </ul>	

this information with the integrated locality planning work to determine those areas which require further focus. An update was requested at a future Committee meeting.

- **Finance Report and Financial Forecast Month 4** – the Month 4 (M4) 2021/22 Finance Report was received by the Committee, with Members reminded that the Health Board's Interim Financial Plan is to deliver a deficit of £25m in 2021/22, after recurrent savings of £16m. This is following Welsh Government (WG) guidance to anticipate £32.4m of funding to non-recurrently offset the underlying position brought forward from 2020/21. The Committee noted that before recognising the COVID-19 WG funding in-month, the Month 4 variance to breakeven is £5.9m, with the Month 4 financial position a breakeven against a deficit plan of £2.1m, after utilising £3.9m of WG funding for COVID-19, having offset £0.1m of cost reductions recognised due to reduced operational activity levels. The Committee further noted the continuation of pressures from winter through the summer such as Unscheduled Care pressures, fragility of the social care system, and restricted GP access, resulting in an increase in presentations at the front door. The Committee received assurance of the actions taken as a result of the Month 4 position, including a review at a directorate level of the key operational drivers contributing to the financial deficit, and a review at an executive level to understand the cost containment strategies of ongoing pressures. The Committee discussed the cost value related to staff sickness levels due to stress related issues, noting the challenges in identifying the reasons for sickness and the limited quality of data available via the Electronic Staff Record (ESR). The Committee recognised the importance of operational teams working with Finance Business Partners to ensure the identification of recurrent savings, with plans in place operationally to manage the demand in the system, which are to be developed to quantify the financial benefit.
- **Investment in Clinical Equipment** – the Committee received the Investment in Clinical Equipment report, highlighting information from the Strategic Medical Device Replacement report previously presented to the Capital, Estates and Information Management & Technology Sub-Committee at its meeting on 21<sup>st</sup> July 2021. The Committee noted that recurring resources within Clinical Engineering will be required to ensure adequate maintenance arrangements are established and implemented whilst the inventory remains at its current level of 31,405 devices, with a replacement cost estimated at £91.8m. The Committee noted that the significant increase in the medical device inventory between 2019 and 2020 had been almost entirely attributable to devices acquired for, and during, the early stages of COVID-19 preparations. The Health Board should expect that the number and value of devices due/overdue for replacement will increase to avoid potential detriment of patients, staff and organisational safety. The Committee was reminded that equipment sourced via the Charitable Funds route would contribute to the backlog replacement and therefore controls need to be implemented before investment of new equipment is considered via this channel. The Committee received assurance that this clinical equipment replacement risk is being developed into a Principal Risk for the Board Assurance Framework (BAF), which will be submitted to the Board in September 2021.

- **Healthcare Contracting Update** – the Committee received the Healthcare Contracting Update, outlining the principles underpinning the all Wales Long Term Agreement (LTA) block arrangements, which have been drafted to provide financial and quality assurances to both Providers and Commissioners. The Committee noted that Cardiology and Neurology are exceeding the value and activity plan, and are mitigating, in part, the levels of underperformance in other areas. The Committee was informed that Siponimod, a drug for neurological decline in MS patients, may become available in 2021/22. In terms of HDdUHB patients awaiting treatment at Cardiff and Vale University Health Board (CVUHB), the Committee was assured that HDdUHB would continue to work closely with CVUHB's Assistant Director of Commissioning to support the on-going reduction in patients waiting more than 36 weeks. The Committee also received assurance that steps are being taken to mitigate the risk of diminishing service improvement when block arrangements are brought to an end.
- **Accountable Officer Letter** – the Committee received the Accountable Officer letter and accompanying report, setting out the governance process in place to communicate a breach of statutory financial duty. The Committee was informed that the planned deficit in the 2021/22 financial year and does not recover the cumulative deficit incurred to date which was reset to 1 April 2020. This would mean that the Health Board has presented a draft budget that will breach its statutory financial duty for the three-year period of 2021/22 to 2023/24. In accordance with guidance from WG, the Health Board has not approved an Integrated Medium Term Plan but has deviated from its Standing Financial Instructions as a Board. In addition, a deficit plan has been presented, identifying a deficit of £25million for the year, which requires the Health Board's Chief Executive as Accountable Officer to notify the Director General for Health and Social Services, WG. The Committee noted the absence of the £16 million savings plan delivery in the Accountable Officer letter.
- **Capital Financial Management** – The Committee received the Capital Financial Management report, providing details of the HB's Capital Expenditure Plan and Expenditure Profile Forecast for 2021/22, the Capital Resource Limit (CRL) for 2021/22, and an update regarding capital projects and financial risks. The Committee discussed whether the delivery of capital planning should be aligned to the Strategic Development and Operational Delivery Committee (SDODC) rather than the Sustainable Resources Committee. The Committee sought assurance of the financial risks relating to the Women and Children's Phase 2 scheme, Glangwili General Hospital (GGH) from September 2021 onwards and it was agreed for an update to be provided.
- **Savings Plan 2021/22** – the Committee received a presentation outlining the process involved in achieving the savings required to deliver the financial year 2021/22 Interim Annual Plan, in addition to supporting delivery of the key ambitions set out in the *A Healthier Mid and West Wales* strategy. It is anticipated that the Health Board will be in a position to report on patient reported outcomes by the end of March 2022.

- **Finance Corporate Risks** – the Committee received the Finance Corporate Risks report, noting the addition of Risk 1163; risk to the delivery of the Health Board's draft interim Financial Plan for 2021/22 of a £25.0m deficit. The Committee noted the closure of Risk 646; ability to achieve financial sustainability over medium term, and received assurance that the risk has been replaced. The Committee was further assured that the risk has been escalated for inclusion on the BAF as a Principal Risk, for presentation to the Board in September 2021, following which it will be allocated to the relevant Committee to oversee. The Committee noted Risk 451; Cyber Security Breach, and the actions undertaken to date including recruitment of an in-house cyber security expert and employment of an external agency to identify the level of exposure. An update on this risk and the emerging Cyber Security strategy will be presented to the Committee at its meeting on 28<sup>th</sup> October 2021.
- **Finance Operational Risks** – the Committee received the Finance Operational Risks report, noting that 10 of the 12 risks relate to failure to remain within allocated budget over the medium term for each Directorate. The remaining 2 risks related to Risk 516; a Health Board-wide risk regarding VAT advice on historic Design for Life Schemes being incomplete, and Risk 1126; relating to the supply chain partner and their financiers to deliver the remaining sections of the Women & Children's Phase II scheme, GGH.
- **COVID-19 Fixed Term Contract Staff** – the Committee received the COVID-19 Fixed Term Contract Staff report, providing an overview of the decision-making processes involved in Health Board awarded fixed term contracts to mitigate the workforce challenges faced since the start of the COVID-19 pandemic, and the risks to be managed over the coming months. The Committee was assured that the Health Board is mindful of the impact on long term employment rights of staff and that the situation would be reviewed by Executive Team in January 2022. The Committee noted that a decision regarding the issue should be considered by the People, Organisational Development and Culture Committee (PODCC).
- **Planning Objectives Update** – the Committee received the Planning Objectives Update presentation, mapping the progress made to date and future actions required to deliver against each of the Finance Planning Objectives aligned to the Sustainable Resources Committee.
- **Balance Sheet** - the Committee received, for information, a report detailing the Health Board's Balance Sheet position as at Quarter 1 2021/22 (Month 3), together with the monthly scrutiny of the Balance Sheet and further developments.
- **NWSSP Performance Report Quarter 1 2021/22** – the Committee received the NHS Wales Shared Services Partnership (NWSSP) Performance Report Q1 2021/22, providing a summary of performance data in respect of the services provided by NWSSP for the quarter ended 30<sup>th</sup> June 2021, which reflects the Health Board's analysis of the Balance Sheet. The Committee noted that a consistent area of concern is the Time to Shortlist by Managers indicator.

- **Information Governance Sub-Committee Update Report** – the Committee received the Information Governance Sub-Committee (IGSC) Report, providing an update on items discussed at its meeting held on 10<sup>th</sup> August 2021. The Committee noted the Health Board’s performance for clinical coding for Q1, 2021/22 as 66.2%, which is considerably below the 95% requirement, noting the reasons behind coding non-compliance are the high levels of sickness and self-isolation as a result of the COVID-19 pandemic. The Committee was assured that, with additional coders undertaking further training, the clinical coding team anticipate that the necessary 95% target for coding completeness within month would be achieved by December 2021. The Committee commended the Sub-Committee’s focus on the increase in the number of staff access breaches in recent months, which have required notification to the Information Commissioner’s Office (ICO).
- **Strategic and Operational Business Intelligence** – the Committee received the Strategic and Operational Business Intelligence Report, providing a synopsis of the Health Board’s current and future contractual arrangements with the analytical company Lightfoot Ltd. It was noted that the report had been submitted to the July Public Board meeting where it was requested that the report be considered by the Sustainable Resources Committee to provide the assurance required by Board in considering approval of further funding. The Committee received assurance on the clear exit strategy attached to the investment with no commitment required to continue using the services involved. The Committee supported the continuation of the relationship with Lightfoot, predicated on the basis of the clear exit strategy and skills transfer to internal teams to build upon the competencies of managers to use the information to improve service delivery.
- **Ministerial Directions** – the Committee received, for information, a status update and assurance that all NHS Non-Statutory Instruments (Ministerial Directions) received from WG in 2020/21 have been implemented or adopted by the Health Board.

**Materion y mae angen Ystyriaeth neu Gymeradwyaeth Lefel y Bwrdd ar eu cyfer / Matters Requiring Board Level Consideration or Approval:**

No issues requiring Board level consideration or approval were raised.

**Risgiau Allweddol a Materion Pryder / Key Risks and Issues/ Matters of Concern:**

- Recognising that there is no long term savings plan in place, and that the Sustainable Resources Committee meets bi-monthly, the Board is requested to consider this position in order to achieve medium term financial balance.
- **Strategic and Operational Business Intelligence** – the Committee supported the continuation of the relationship with Lightfoot Ltd in principle, subject to further consideration of the exit strategy and skills transfer to internal teams to build upon the competencies of service delivery managers.

**Busnes Cynlluniedig y Pwyllgor ar gyfer y Cyfnod Adrodd Nesaf /  
Planned Committee Business for the Next Reporting Period:**

**Adrodd yn y Dyfodol / Future Reporting:**

In addition to the standing agenda items, the October 2021 Sustainable Resources Committee meeting will include items relating to Digital Inclusion and Cyber Security.

**Dyddiad y Cyfarfod Nesaf / Date of Next Meeting:**

28<sup>th</sup> October 2021